

STATEMENT OF THE HONORABLE JAMES B. BUSEY, FEDERAL AVIATION
ADMINISTRATOR, BEFORE THE SENATE COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION, SUBCOMMITTEE ON AVIATION, CONCERNING AIRPORT
AND AIRWAY REAUTHORIZATION LEGISLATION. APRIL 27, 1990.

Mr. Chairman and Members of the Subcommittee:

I appreciate having the opportunity to appear before the
Subcommittee today to discuss airport and airway reauthorization
legislation. With me today are:

On March 19, the Secretary transmitted to the Congress the
Administration's airport and airway reauthorization proposal. In
our judgment, that bill provides the necessary tools for the FAA
to meet the many challenges with which we are confronted. I
would like to briefly highlight the major features of the bill.

Facilities & Equipment

The FAA's Facilities & Equipment (F&E) authorization is the
funding source for the purchase and installation of radar,
communications, and air traffic control equipment, and is
critical to the modernization of our air traffic control system.
In our proposal, we are requesting an authorization level of
\$13.5 billion for the five year period from Fiscal Year 1991
through

Fiscal Year 1995. This represents a proposed funding level 130%
greater than the preceding five years of the program, and reflects
the importance of this program to the future vitality of our
system.

The funding requested for the F&E authorization will bring on line
the new air traffic automation system and a variety of related
systems that will improve the safety, capacity, and efficiency of
our air traffic control system. Our proposed funding level
recognizes the "bow wave" effect that has resulted from NAS Plan
projects which have been stretched out or delayed in the past.

In our Fiscal Year 1991 appropriations request, we are seeking
\$2.5 billion, which represents an increase of 45% over Fiscal
Year 1990. The same commitment to a high level of funding in the

F&E program will be necessary over the next five years if we are to address the growing demands on our air transportation system.

Research, Engineering, and Development

We are also asking for a five year reauthorization of our Research, Engineering, and Development (R,E&D) programs, at an aggregate funding level of \$970 million. This amounts to a 13% increase over R,E&D funding appropriated in the prior five years.

The funding level we are requesting in R,E&D will provide adequate funding for us to design the airport and airway system of the 21st Century. It will also enable us to pursue critical safety research into areas such as aging aircraft and to press forward with security research into explosive detection technology and related anti- terrorism security efforts. With the funding authorized under our request, we will perform research into the post-NAS Plan air traffic control system including satellite technology and will permit us to expand our human factors research programs.

It is important to recognize, however, that the R,E&D levels we are seeking are the minimum necessary for us to undertake an adequate level of research over the next five years. I cannot overstate the importance an aggressive research program plays in terms of enabling the FAA to meet not only today's challenges but the challenges and demands of tomorrow.

Airport Improvement Program

We are requesting a three year extension of the current Airport Improvement Program (AIP) to put it on the same five year funding schedule as our R,E&D and F&E programs. Placing these programs on the same schedule will facilitate our long-range planning efforts.

The grant obligation levels we have requested total \$7.7 billion over the Fiscal Year 1991 through 1995 timeframe. This amounts to

an increase of 28% over the amounts made available in the prior five year period.

AIP grants are the FAA's mechanism to assist local communities in undertaking important airport projects, many of which will benefit the national system. Appropriations for AIP have grown steadily from \$250 million in FY 1970 to \$1.45 billion in the current fiscal year. About \$13.68 billion has been made available in airport grants since 1970, nearly three-quarters of which has been in the last decade alone.

The levels we are requesting for AIP grants will provide adequate development funds for essential facilities at smaller airports as well as support for larger airport development projects. We

anticipate that AIP funds will contribute about 25% of the total AIP-eligible airport needs over the next five years.

Passenger Facilities Charge

A fundamental element of our proposal is the authorization of a passenger facility charge (PFC) to assist local airports and communities in meeting the increasing financial demands required to meet increased traffic and to upgrade or replace aging facilities. The ability to raise additional capital at the local level, complemented by an increased funding commitment at the

Federal level, will provide needed flexibility in addressing growing capacity problems in our air transportation system.

In formulating our PFC proposal, we have sought to achieve a proper balance between local empowerment and safeguards against the problems encountered with head taxes in the past. The framework we have developed will permit airports to assess a PFC of up to \$3.00 per passenger and to use such revenues for airport grant eligible type projects.

After the first year of the program, airports which elect to charge a PFC will forego \$0.50 in entitlement funds for each \$1.00 of PFC revenue collected. Those excess entitlement funds will be placed in the discretionary fund of the airport grant program to enable us to address the most pressing capacity and safety issues.

The Secretary is called upon under our proposal to develop and issue regulations that will expand the types of eligible projects for which PFC's may be used, and may provide for PFC's in excess of \$3.00. Additionally, no passenger may be charged more than two PFC's on a one-way trip.

We estimate that permitting airports to assess PFC's will provide \$1 billion in annual revenue, which will provide substantial additional resources at the local level to help us confront the national problem of system capacity.

Trust Fund

We are asking that 85% of the FAA's total budget be funded from the Airport and Airway Trust Fund. In this way, the users of the system--who derive the primary benefits of the FAA's efforts--would be responsible for their share of the FAA's costs, instead of subsidizing those costs from the General Fund. FAA studies reflect that an 85% contribution from the Trust Fund properly accounts for the 15% cost that is attributable to public and military use of the system.

We are also seeking an increase in user fees to generate adequate revenues for the Trust Fund. Ticket taxes would increase from 8%

to 10% and the waybill tax would increase from 5% to 6%. The aviation gas tax would increase from 12 cents to 15 cents, and the tax on jet fuel from 14 cents to 18 cents. The international departure tax, which was recently increased by the Congress, would remain the same.

Our five year reauthorization program will draw down the projected FY 1990 end of year Trust Fund uncommitted balance of \$7.6 billion to less than \$3.0 billion by the end of Fiscal Year 1995. Without the increased user fees we are seeking, the funding we are proposing would result in a \$1 billion deficit in the Trust Fund by 1994.

Need for Action

It is important that we take action now to ensure that we are in position to shape our future air transportation system. Passenger enplanements have increased by nearly 65% since 1978 and are projected to increase by an additional 65% between now and the next century. Currently 21 airports experience more than 20,000 hours of delays annually and by 1997, without firm action, that number could almost double. We cannot afford to let today's capacity problems compound further or we will ultimately face a problem that will have grown substantially more difficult and expensive to resolve. We also must push for additional safety and security improvements. These objectives will require significant funding over time to achieve.

We believe that the legislative framework we have proposed provides a solid foundation upon which to obtain the improvements we all recognize are so important to the health of our air transportation system.

That completes my prepared statement, Mr. Chairman. I would be pleased to respond to questions you may have at this time.